

UNIFIED SCHOOL DISTRICT NO. 230

Spring Hill, Kansas

Financial Statements

For the Year Ended June 30, 2011

UNIFIED SCHOOL DISTRICT NO. 230
Financial Statements
For the Year Ended June 30, 2011

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LOWENTHAL, WEBB & ODERMANN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
Website: www.lswvcpa.com

David A. Lowenthal, CPA
Patricia L. Webb, CPA
Audrey M. Odermann, CPA

Abram M. Chrislip, CPA
Caroline H. Eddinger, CPA
Grant A. Huddin, CPA
Brian W. Nyp, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Board of Education
Unified School District No. 230
Spring Hill, Kansas

We have audited the accompanying financial statements of the Unified School District No. 230 (the District), Spring Hill, Kansas, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the District's financial statements for the year ended June 30, 2010. In our report dated January 4, 2011, on these financial statements we expressed an adverse opinion as to presentation on the basis of generally accepted accounting principles and a qualified opinion as to presentation on the Kansas prescribed basis of accounting.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States, and the "Kansas Municipal Audit Guide." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

As disclosed in Note 1, the District prepares its financial statements on a basis of accounting prescribed by the State of Kansas which demonstrates compliance with the cash basis and budget laws of the State of Kansas which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of those differences is also described in Note 1.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. The primary government financial statements referred to above do not include the financial data of the component unit of the District as of June 30, 2011.

In our opinion, because of the District's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph and because of the exclusion of the financial data of the District's legally separate component unit from the financial statements, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2011, or the respective changes in financial position thereof for the year then ended.

Also, in our opinion, except for the July 2011 receipt of the final state aid payment for the fiscal year ended June 30, 2011 being recorded in June 2011, the financial statements referred to above present fairly, in all material respects, the fund cash and unencumbered cash balances of the District as of June 30, 2011, and its cash receipts and expenditures by fund, and fund budget to actual comparisons, for the year ended, taken as a whole, on the prescribed basis of accounting described in Note 1.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas prescribed basis of accounting. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2010, from which such partial information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the District taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U. S. Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lowenthal, Wett & Odummann, P.A.

December 30, 2011

STATEMENT 1

UNIFIED SCHOOL DISTRICT NO. 230
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended June 30, 2011

<u>Funds</u>	Beginning Unencumbered Cash <u>Balance</u>	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash <u>Balance</u>	Outstanding Encumbrances and Accounts Payable	Ending Cash <u>Balance</u>
Governmental Fund Types:							
General Fund	\$ -	\$ -	\$ 16,912,563	\$ 16,912,563	\$ -	\$ -	\$ -
Special Revenue Funds:							
Supplemental General	707,675	-	5,456,896	5,571,528	593,043	-	593,043
Capital Outlay	695,991	-	116,961	-	812,952	-	812,952
Driver Training	34,272	-	27,316	28,835	32,753	-	32,753
Food Service	88,155	-	1,017,166	993,066	112,255	-	112,255
Parent Education	10,000	-	26,300	21,300	15,000	-	15,000
Special Education	216,822	-	3,464,476	2,995,131	686,167	-	686,167
Vocational Education	-	-	409,490	350,179	59,311	-	59,311
Special Assessment	587,581	-	75,810	130,948	532,443	-	532,443
KPERS Special Retirement							
Contribution	-	-	890,039	890,039	-	-	-
Professional Development	8,952	-	40,000	32,994	15,958	-	15,958
At Risk (4 Year Old)	567	-	40,000	30,553	10,014	-	10,014
At Risk (K-12)	615	-	890,000	813,314	77,301	-	77,301
Bilingual Education	896	-	30,000	26,137	4,759	-	4,759
Extraordinary Growth Facility	-	-	652,060	641,683	10,377	-	10,377
Special Liability	76,471	-	39,793	32,465	83,799	-	83,799
Federal Funds	-	-	282,658	282,658	-	-	-
Virtual Education	-	-	4,668,101	4,668,101	-	-	-
Textbook Rental	63,934	-	160,495	94,182	130,247	-	130,247
Gifts and Grants	24,966	-	19,249	25,757	18,458	-	18,458
Contingency Reserve	350,419	-	150,000	-	500,419	-	500,419
District Activities	97,887	-	210,677	210,007	98,557	-	98,557
Debt Service Fund:							
Bond and Interest	5,269,025	-	4,405,642	3,679,981	5,994,686	-	5,994,686
Total Primary Government (excluding Agency Funds)	\$ 8,234,228	\$ -	\$ 39,985,692	\$ 38,431,421	\$ 9,788,499	\$ -	\$ 9,788,499
Composition of Cash:							
			State Bank of Spring Hill				
			Checking Accounts			\$ 1,309,610	
			Certificate of Deposit			15,000	
			First Option Bank				
			Money Market			8,568,664	
			Kansas Municipal Investment Pool				
			Investments			27,995	
			Cash Balance			9,921,269	
			Less: Agency Funds per Statement 4			(132,770)	
			Total Reporting Entity (Excluding Agency Funds)			\$ 9,788,499	

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)
For the Year Ended June 30, 2011

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Positive [Negative]</u>
General Fund	\$ 16,666,502	\$ [1,367,037]	\$ 246,061	\$ 16,912,563	\$ 16,912,563	\$ -
Special Revenue Funds:						
Supplemental General	5,971,030	[399,502]	-	5,571,528	5,571,528	-
Capital Outlay	850,991	-	-	850,991	-	850,991
Driver Training	50,000	-	-	50,000	28,835	21,165
Food Service	1,220,123	-	-	1,220,123	993,066	227,057
Parent Education	55,000	-	-	55,000	21,300	33,700
Special Education	3,173,405	-	-	3,173,405	2,995,131	178,274
Vocational Education	411,000	-	-	411,000	350,179	60,821
Special Assessment	420,000	-	-	420,000	130,948	289,052
KPERS Special Retirement Contribution	1,308,526	-	-	1,308,526	890,039	418,487
Professional Development	38,952	-	-	38,952	32,994	5,958
At Risk (4 Year Old)	40,569	-	-	40,569	30,553	10,016
At Risk (K-12)	851,111	-	-	851,111	813,314	37,797
Bilingual Education	45,896	-	-	45,896	26,137	19,759
Extraordinary Growth Facility	629,200	-	12,483	641,683	641,683	-
Special Liability	95,000	-	-	95,000	32,465	62,535
Federal Funds	314,845	-	-	314,845	282,658	32,187
Virtual Education	5,932,143	-	-	5,932,143	4,668,101	1,264,042
Gifts and Grants	74,966	-	-	74,966	25,757	49,209
Debt Service Fund:						
Bond and Interest	3,679,981	-	-	3,679,981	3,679,981	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
General Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 2,378,099	\$ 2,324,551	\$ 2,041,444	\$ 283,107
Delinquent taxes	58,693	68,377	29,801	38,576
Mineral taxes	5	27	-	27
Federal grants	601,228	743,389	270,225	473,164
State aid/grants	11,858,932	13,530,158	15,692,069	[2,161,911]
Reimbursements	323,551	246,061	-	246,061
Total Cash Receipts	<u>15,220,508</u>	<u>16,912,563</u>	<u>\$ 18,033,539</u>	<u>\$ [1,120,976]</u>
Expenditures and Transfers				
Instruction	3,995,265	4,270,018	\$ 4,288,221	\$ 18,203
Student support services	1,091,111	1,091,400	1,108,500	17,100
General administration	329,657	356,251	339,250	[17,001]
School administration	1,235,231	1,217,536	1,253,275	35,739
Operations and maintenance	1,156,653	1,155,682	1,178,100	22,418
Transportation	767,096	811,659	835,000	23,341
Other support services	682,499	719,457	701,500	[17,957]
Transfers out	5,962,996	7,290,560	8,329,693	1,039,133
Adjustments to comply with legal max	-	-	[1,367,037]	[1,367,037]
Adjustments for qualifying budget credits	-	-	246,061	246,061
Total Expenditures and Transfers	<u>15,220,508</u>	<u>16,912,563</u>	<u>\$ 16,912,563</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Supplemental General Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

		Current Year		Variance
	Prior Year			Positive
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Negative]</u>
Cash Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 2,619,378	\$ 2,302,933	\$ 2,250,623	\$ 52,310
Delinquent taxes	67,705	76,982	32,786	44,196
Motor vehicle taxes	251,532	285,516	280,257	5,259
Recreational vehicle taxes	3,981	4,455	5,286	[831]
Federal grants	518,761	-	-	-
State aid/grants	<u>1,526,350</u>	<u>2,787,010</u>	<u>2,996,621</u>	<u>[209,611]</u>
Total Cash Receipts	<u>4,987,707</u>	<u>5,456,896</u>	<u>\$ 5,565,573</u>	<u>\$ [108,677]</u>
Expenditures and Transfers				
Instruction	2,827,700	2,823,687	\$ 3,150,630	\$ 326,943
Operations and maintenance	1,017,012	1,220,806	1,188,500	[32,306]
Other support services	798	2,386	1,900	[486]
Transfers out	1,103,093	1,524,649	1,630,000	105,351
Adjustments to comply with legal max	<u>-</u>	<u>-</u>	<u>[399,502]</u>	<u>[399,502]</u>
Total Expenditures and Transfers	<u>4,948,603</u>	<u>5,571,528</u>	<u>\$ 5,571,528</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	39,104	[114,632]		
Unencumbered Cash, Beginning	<u>668,571</u>	<u>707,675</u>		
Unencumbered Cash, Ending	<u>\$ 707,675</u>	<u>\$ 593,043</u>		

The notes to the financial statements are an integral part of this statement.

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UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Capital Outlay Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenues:				
Delinquent taxes	\$ 369	\$ 406	\$ -	\$ 406
Miscellaneous revenue	61,822	116,555	150,000	[33,445]
Investment income	-	-	5,000	[5,000]
Total Cash Receipts	<u>62,191</u>	<u>116,961</u>	<u>\$ 155,000</u>	<u>\$ [38,039]</u>
Expenditures and Transfers				
Instruction	174,676	-	\$ 200,991	\$ 200,991
Operations and maintenance	10,829	-	50,000	50,000
Facilities acquisition and construction	39,060	-	150,000	150,000
Building improvements	<u>50,022</u>	<u>-</u>	<u>450,000</u>	<u>450,000</u>
Total Expenditures and Transfers	<u>274,587</u>	<u>-</u>	<u>\$ 850,991</u>	<u>\$ 850,991</u>
Receipts Over [Under] Expenditures	[212,396]	116,961		
Unencumbered Cash, Beginning	<u>908,387</u>	<u>695,991</u>		
Unencumbered Cash, Ending	<u>\$ 695,991</u>	<u>\$ 812,952</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Driver Training Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges for services	\$ 21,500	\$ 19,306	\$ 25,000	\$ [5,694]
State aid	<u>4,350</u>	<u>8,010</u>	<u>7,000</u>	<u>1,010</u>
Total Cash Receipts	<u>25,850</u>	<u>27,316</u>	<u>\$ 32,000</u>	<u>\$ [4,684]</u>
Expenditures and Transfers				
Instruction	29,571	24,805	\$ 44,500	\$ 19,695
Vehicle operating and maintenance	<u>4,003</u>	<u>4,030</u>	<u>5,500</u>	<u>1,470</u>
Total Expenditures and Transfers	<u>33,574</u>	<u>28,835</u>	<u>\$ 50,000</u>	<u>\$ 21,165</u>
Receipts Over [Under] Expenditures	[7,724]	[1,519]		
Unencumbered Cash, Beginning	<u>41,996</u>	<u>34,272</u>		
Unencumbered Cash, Ending	<u>\$ 34,272</u>	<u>\$ 32,753</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Food Service Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Federal aid	\$ 319,150	\$ 356,455	\$ 260,925	\$ 95,530
State aid	9,212	9,679	7,455	2,224
Charges for services	570,092	591,233	768,588	[177,355]
Miscellaneous	17,897	14,799	50,000	[35,201]
Investment income	5,000	15,000	15,000	-
Transfers in	30,000	30,000	30,000	-
Total Cash Receipts	<u>951,351</u>	<u>1,017,166</u>	<u>\$ 1,131,968</u>	<u>\$ [114,802]</u>
Expenditures and Transfers				
Operation and maintenance	41,962	31,694	\$ 53,123	\$ 21,429
Food service operation	<u>912,438</u>	<u>961,372</u>	<u>1,167,000</u>	<u>205,628</u>
Total Expenditures and Transfers	<u>954,400</u>	<u>993,066</u>	<u>\$ 1,220,123</u>	<u>\$ 227,057</u>
Receipts Over [Under] Expenditures	[3,049]	24,100		
Unencumbered Cash, Beginning	<u>91,204</u>	<u>88,155</u>		
Unencumbered Cash, Ending	<u>\$ 88,155</u>	<u>\$ 112,255</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Parent Education Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers in	\$ 36,600	\$ 26,300	\$ 45,000	\$ [18,700]
Total Cash Receipts	<u>36,600</u>	<u>26,300</u>	<u>\$ 45,000</u>	<u>\$ [18,700]</u>
Expenditures and Transfers				
Student support services	<u>42,100</u>	<u>21,300</u>	<u>\$ 55,000</u>	<u>\$ 33,700</u>
Total Expenditures and Transfers	<u>42,100</u>	<u>21,300</u>	<u>\$ 55,000</u>	<u>\$ 33,700</u>
Receipts Over [Under] Expenditures	[5,500]	5,000		
Unencumbered Cash, Beginning	<u>15,500</u>	<u>10,000</u>		
Unencumbered Cash, Ending	<u>\$ 10,000</u>	<u>\$ 15,000</u>		

The notes to the financial statements are an integral part of this statement.

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UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Special Education Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Federal aid	\$ 621,283	\$ 757,820	\$ 850,000	\$ [92,180]
Reimbursements	102,974	79,039	-	79,039
Miscellaneous revenue	7,077	12,354	10,000	2,354
Investment income	9,909	58,923	25,000	33,923
Transfers in	<u>2,056,884</u>	<u>2,556,340</u>	<u>2,487,550</u>	<u>68,790</u>
Total Cash Receipts	<u>2,798,127</u>	<u>3,464,476</u>	<u>\$ 3,372,550</u>	<u>\$ 91,926</u>
Expenditures and Transfers				
Instruction	2,198,259	2,279,402	\$ 2,412,500	\$ 133,098
Student support services	466,774	501,194	482,905	[18,289]
General administration	17,537	15,113	25,000	9,887
Transportation	<u>191,283</u>	<u>199,422</u>	<u>253,000</u>	<u>53,578</u>
Total Expenditures and Transfers	<u>2,873,853</u>	<u>2,995,131</u>	<u>\$ 3,173,405</u>	<u>\$ 178,274</u>
Receipts Over [Under] Expenditures	[75,726]	469,345		
Unencumbered Cash, Beginning	<u>292,548</u>	<u>216,822</u>		
Unencumbered Cash, Ending	<u>\$ 216,822</u>	<u>\$ 686,167</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Vocational Education Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Federal aid	\$ 4,013	\$ 14,974	\$ 5,000	\$ 9,974
Miscellaneous revenue	78	10,048	6,000	4,048
Transfers in	<u>330,055</u>	<u>384,468</u>	<u>400,000</u>	<u>[15,532]</u>
Total Cash Receipts	<u>334,146</u>	<u>409,490</u>	<u>\$ 411,000</u>	<u>\$ [1,510]</u>
Expenditures and Transfers				
Instruction	<u>334,146</u>	<u>350,179</u>	<u>\$ 411,000</u>	<u>\$ 60,821</u>
Total Expenditures and Transfers	<u>334,146</u>	<u>350,179</u>	<u>\$ 411,000</u>	<u>\$ 60,821</u>
Receipts Over [Under] Expenditures	-	59,311		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 59,311</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Special Assessment Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 21,995	\$ 72,165	\$ 64,530	\$ 7,635
Delinquent taxes	2,652	1,582	276	1,306
Motor vehicle taxes	16,745	2,032	2,012	20
Recreational vehicle taxes	266	31	38	[7]
Total Cash Receipts	<u>41,658</u>	<u>75,810</u>	<u>\$ 66,856</u>	<u>\$ 8,954</u>
Expenditures and Transfers				
Facilities acquisition	<u>135,554</u>	<u>130,948</u>	<u>\$ 420,000</u>	<u>\$ 289,052</u>
Total Expenditures and Transfers	<u>135,554</u>	<u>130,948</u>	<u>\$ 420,000</u>	<u>\$ 289,052</u>
Receipts Over [Under] Expenditures	[93,896]	[55,138]		
Unencumbered Cash, Beginning	<u>681,477</u>	<u>587,581</u>		
Unencumbered Cash, Ending	<u>\$ 587,581</u>	<u>\$ 532,443</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
KPERS Special Retirement Contribution Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
State aid	\$ 1,006,558	\$ 890,039	\$ 1,308,526	\$ [418,487]
Total Cash Receipts	<u>1,006,558</u>	<u>890,039</u>	<u>\$ 1,308,526</u>	<u>\$ [418,487]</u>
Expenditures and Transfers				
Instruction	665,350	588,329	\$ 880,017	\$ 291,688
Student support services	64,410	56,954	83,828	26,874
Instructional support services	44,824	39,635	42,945	3,310
General administration	15,325	13,016	23,002	9,986
School administration	68,516	61,120	101,345	40,225
Other support services	40,773	36,053	49,373	13,320
Operations and maintenance	75,362	66,638	90,019	23,381
Food service	<u>31,998</u>	<u>28,294</u>	<u>37,997</u>	<u>9,703</u>
Total Expenditures and Transfers	<u>1,006,558</u>	<u>890,039</u>	<u>\$ 1,308,526</u>	<u>\$ 418,487</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Professional Development Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers in	\$ 15,000	\$ 40,000	\$ 30,000	\$ 10,000
Total Cash Receipts	<u>15,000</u>	<u>40,000</u>	<u>\$ 30,000</u>	<u>\$ 10,000</u>
Expenditures and Transfers				
Instructional support services	29,548	29,947	\$ 38,952	\$ 9,005
Other support services	<u>586</u>	<u>3,047</u>	<u>-</u>	<u>[3,047]</u>
Total Expenditures and Transfers	<u>30,134</u>	<u>32,994</u>	<u>\$ 38,952</u>	<u>\$ 5,958</u>
Receipts Over [Under] Expenditures	[15,134]	7,006		
Unencumbered Cash, Beginning	<u>24,086</u>	<u>8,952</u>		
Unencumbered Cash, Ending	<u>\$ 8,952</u>	<u>\$ 15,958</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
At Risk (4 Year Old) Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers In	\$ 18,000	\$ 40,000	\$ 40,000	\$ -
Total Cash Receipts	<u>18,000</u>	<u>40,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>
Expenditures and Transfers				
Instruction	<u>26,961</u>	<u>30,553</u>	<u>\$ 40,569</u>	<u>\$ 10,016</u>
Total Expenditures and Transfers	<u>26,961</u>	<u>30,553</u>	<u>\$ 40,569</u>	<u>\$ 10,016</u>
Receipts Over [Under] Expenditures	[8,961]	9,447		
Unencumbered Cash, Beginning	<u>9,528</u>	<u>567</u>		
Unencumbered Cash, Ending	<u>\$ 567</u>	<u>\$ 10,014</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
At Risk (K-12) Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers in	\$ 765,000	\$ 890,000	\$ 950,000	\$ [60,000]
Miscellaneous revenue	25,505	-	-	-
Total Cash Receipts	<u>790,505</u>	<u>890,000</u>	<u>\$ 950,000</u>	<u>\$ [60,000]</u>
Expenditures and Transfers				
Instruction	766,813	787,533	\$ 835,111	\$ 47,578
Transportation	<u>24,481</u>	<u>25,781</u>	<u>16,000</u>	<u>[9,781]</u>
Total Expenditures and Transfers	<u>791,294</u>	<u>813,314</u>	<u>\$ 851,111</u>	<u>\$ 37,797</u>
Receipts Over [Under] Expenditures	[789]	76,686		
Unencumbered Cash, Beginning	<u>1,404</u>	<u>615</u>		
Unencumbered Cash, Ending	<u>\$ 615</u>	<u>\$ 77,301</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Bilingual Education Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers in	\$ 20,000	\$ 30,000	\$ 45,000	\$ [15,000]
Total Cash Receipts	<u>20,000</u>	<u>30,000</u>	<u>\$ 45,000</u>	<u>\$ [15,000]</u>
Expenditures and Transfers				
Instruction	<u>23,606</u>	<u>26,137</u>	<u>\$ 45,896</u>	<u>\$ 19,759</u>
Total Expenditures and Transfers	<u>23,606</u>	<u>26,137</u>	<u>\$ 45,896</u>	<u>\$ 19,759</u>
Receipts Over [Under] Expenditures	[3,606]	3,863		
Unencumbered Cash, Beginning	<u>4,502</u>	<u>896</u>		
Unencumbered Cash, Ending	<u>\$ 896</u>	<u>\$ 4,759</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Extraordinary Growth Facility Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 340,409	\$ 637,918	\$ 624,826	\$ 13,092
Delinquent taxes	482	3,765	4,374	[609]
Motor vehicle taxes	-	-	11,294	[11,294]
Recreational vehicle taxes	-	-	213	[213]
Extraordinary growth facility	-	10,377	-	10,377
Total Cash Receipts	<u>340,891</u>	<u>652,060</u>	<u>\$ 640,707</u>	<u>\$ 11,353</u>
Expenditures and Transfers				
State payment	340,891	641,683	\$ 629,200	\$ [12,483]
Adjustments for qualifying budget credits	-	-	12,483	12,483
Total Expenditures and Transfers	<u>340,891</u>	<u>641,683</u>	<u>\$ 641,683</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-	10,377		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 10,377</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Special Liability Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 16,112	\$ 37,529	\$ 33,494	\$ 4,035
Delinquent taxes	1,409	751	201	550
Motor vehicle taxes	4,781	1,490	1,463	27
Recreational vehicle taxes	76	23	28	[5]
Machinery and equipment taxes	-	-	210	[210]
Total Cash Receipts	<u>22,378</u>	<u>39,793</u>	<u>\$ 35,396</u>	<u>\$ 4,397</u>
Expenditures and Transfers				
Instruction	<u>37,968</u>	<u>32,465</u>	<u>\$ 95,000</u>	<u>\$ 62,535</u>
Total Expenditures and Transfers	<u>37,968</u>	<u>32,465</u>	<u>\$ 95,000</u>	<u>\$ 62,535</u>
Receipts Over [Under] Expenditures	[15,590]	7,328		
Unencumbered Cash, Beginning	<u>92,061</u>	<u>76,471</u>		
Unencumbered Cash, Ending	<u>\$ 76,471</u>	<u>\$ 83,799</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Federal Funds
For the Year Ended June 30, 2011

	<u>Title I</u>	<u>Title II</u>	<u>Continuous Improvement</u>	<u>Learn and Serve</u>	<u>Charter School Grant</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Cash Receipts								
Federal aid	\$ 183,017	\$ 43,880	\$ 14,761	\$ 11,000	\$ 30,000	\$ 282,658	\$ 314,845	\$ [32,187]
Total Cash Receipts	<u>183,017</u>	<u>43,880</u>	<u>14,761</u>	<u>11,000</u>	<u>30,000</u>	<u>282,658</u>	<u>\$ 314,845</u>	<u>\$ [32,187]</u>
Expenditures and Transfers								
Instruction	158,806	42,762	14,761	11,000	21,284	248,613	\$ 314,845	\$ 66,232
Instructional support staff	-	-	-	-	5,047	5,047	-	[5,047]
School administration	24,211	-	-	-	-	24,211	-	[24,211]
Operations and maintenance	-	-	-	-	160	160	-	[160]
Other support services	-	1,118	-	-	3,509	4,627	-	[4,627]
Total Expenditures and Transfers	<u>183,017</u>	<u>43,880</u>	<u>14,761</u>	<u>11,000</u>	<u>30,000</u>	<u>282,658</u>	<u>\$ 314,845</u>	<u>\$ 32,187</u>
Receipts Over (Under) Expenditures	-	-	-	-	-	-		
Unencumbered Cash, Beginning	-	-	-	-	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Virtual Education Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers in	\$ 3,794,550	\$ 4,668,101	\$ 5,932,143	\$ [1,264,042]
Total Cash Receipts	<u>3,794,550</u>	<u>4,668,101</u>	<u>\$ 5,932,143</u>	<u>\$ [1,264,042]</u>
Expenditures and Transfers				
Instruction	3,738,984	4,613,327	\$ 5,932,143	\$ 1,318,816
Operations and maintenance	<u>55,566</u>	<u>54,774</u>	<u>-</u>	<u>[54,774]</u>
Total Expenditures and Transfers	<u>3,794,550</u>	<u>4,668,101</u>	<u>\$ 5,932,143</u>	<u>\$ 1,264,042</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual
Textbook Rental Fund *
For the Years Ended June 30, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Charges for services	\$ 120,756	\$ 160,495
Total Cash Receipts	<u>120,756</u>	<u>160,495</u>
Expenditures and Transfers		
Instruction	<u>155,571</u>	<u>94,182</u>
Total Expenditures and Transfers	<u>155,571</u>	<u>94,182</u>
Receipts Over [Under] Expenditures	[34,815]	66,313
Unencumbered Cash, Beginning	<u>98,749</u>	<u>63,934</u>
Unencumbered Cash, Ending	<u>\$ 63,934</u>	<u>\$ 130,247</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Gifts and Grants Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Miscellaneous revenue	\$ 39,300	\$ 19,249	\$ 50,000	\$ [30,751]
Total Cash Receipts	<u>39,300</u>	<u>19,249</u>	<u>\$ 50,000</u>	<u>\$ [30,751]</u>
Expenditures and Transfers				
Instruction	<u>21,104</u>	<u>25,757</u>	\$ 74,966	\$ 49,209
Total Expenditures and Transfers	<u>21,104</u>	<u>25,757</u>	<u>\$ 74,966</u>	<u>\$ 49,209</u>
Receipts Over [Under] Expenditures	18,196	[6,508]		
Unencumbered Cash, Beginning	<u>6,770</u>	<u>24,966</u>		
Unencumbered Cash, Ending	<u>\$ 24,966</u>	<u>\$ 18,458</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual
Contingency Reserve Fund *
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Transfers in	\$ -	\$ 150,000
Total Cash Receipts	<u>-</u>	<u>150,000</u>
Expenditures and Transfers		
Instruction	<u>-</u>	<u>-</u>
Total Expenditures and Transfers	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	-	150,000
Unencumbered Cash, Beginning	<u>350,419</u>	<u>350,419</u>
Unencumbered Cash, Ending	<u>\$ 350,419</u>	<u>\$ 500,419</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts and Expenditures - Actual and Budget
Bond and Interest Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 2,927,814	\$ 2,631,843	\$ 2,316,755	\$ 315,088
Delinquent taxes	78,143	84,460	36,759	47,701
Motor vehicle taxes	315,246	291,266	287,194	4,072
Recreational vehicle taxes	4,994	4,540	5,418	[878]
State aid/grants	<u>917,752</u>	<u>1,393,533</u>	<u>1,398,393</u>	<u>[4,860]</u>
Total Cash Receipts	<u>4,243,949</u>	<u>4,405,642</u>	<u>\$ 4,044,519</u>	<u>\$ 361,123</u>
Expenditures and Transfers				
Interest	2,214,814	2,169,981	\$ 2,169,981	\$ -
Principal	<u>1,315,000</u>	<u>1,510,000</u>	<u>1,510,000</u>	<u>-</u>
Total Expenditures and Transfers	<u>3,529,814</u>	<u>3,679,981</u>	<u>\$ 3,679,981</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	714,135	725,661		
Unencumbered Cash, Beginning	<u>4,554,890</u>	<u>5,269,025</u>		
Unencumbered Cash, Ending	<u>\$ 5,269,025</u>	<u>\$ 5,994,686</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts, Cash Disbursements and Cash
Student Organization and Other Agency Funds
For the Year Ended June 30, 2011

<u>FUND</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Prairie Creek Elementary School				
Library	\$ 691	\$ 91	\$ 298	\$ 484
Art fees	673	-	316	357
Field Trip	-	220	220	-
Interest	1,993	19	351	1,661
Lifetouch	758	707	834	631
Pepsi cola	26	306	272	60
Watch Dogs	37	-	-	37
Petty cash	-	12,260	12,260	-
Student council	917	660	519	1,058
Music department	113	72	-	185
Donations	1,503	624	819	1,308
Total Prairie Creek Elementary Activity Funds	<u>6,711</u>	<u>14,959</u>	<u>15,889</u>	<u>5,781</u>
Spring Hill Elementary School				
Library	1,604	277	550	1,331
Field trip	1,388	4,107	4,006	1,489
Interest	382	42	87	337
Petty cash	-	2,820	2,820	-
Pop	1,813	1,981	2,567	1,227
Rebates	4,261	1,912	245	5,928
SOM	313	-	72	241
Watch Dogs	185	1,003	999	189
Teachers' fund	1,358	871	1,089	1,140
Student council	1,520	460	701	1,279
Math	96	5	7	94
Total Spring Hill Elementary Activity Funds	<u>12,920</u>	<u>13,478</u>	<u>13,143</u>	<u>13,255</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts, Cash Disbursements and Cash
Student Organization and Other Agency Funds
For the Year Ended June 30, 2011

<u>FUND</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Spring Hill Intermediate School				
Library	\$ 1,596	\$ 262	\$ 133	\$ 1,725
Field trip	1,110	6,647	6,772	985
Interest	1,605	-	-	1,605
Petty cash	-	2,547	2,547	-
Pop machine	968	889	851	1,006
Rebates	2,034	4,297	5,207	1,124
Sprint Foundation	250	-	-	250
Student of the Month	491	400	878	13
Watch Dogs	11	470	437	44
Teachers' fund	1,749	720	653	1,816
Student council	791	3,277	2,131	1,937
Math	588	561	557	592
Total Spring Hill Intermediate Activity Funds	<u>11,193</u>	<u>20,070</u>	<u>20,166</u>	<u>11,097</u>
Spring Hill Middle School				
Music	2,901	3,117	2,755	3,263
Drama	5,695	957	867	5,785
National Honor Society	658	73	-	731
Kids against drugs	727	9	-	736
Earth environmental	646	9	-	655
S.A.C.	16,690	5,030	7,047	14,673
8th Grade	64	6,649	5,949	764
7th Grade	1,014	6,761	5,165	2,610
6th Grade	901	7,469	7,516	854
Teachers fund	4,137	901	817	4,221
Library	3,156	235	15	3,376
CRP	647	10	-	657
Career day activities	1,000	-	-	1,000
Taxes	29	4,400	4,400	29
Family and consumer science	927	1,293	1,072	1,148
Shop	901	9	-	910
Cheerleaders	580	595	630	545
Pep club	904	9	-	913
Total Spring Hill Middle Activity Funds	<u>41,577</u>	<u>37,526</u>	<u>36,233</u>	<u>42,870</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts, Cash Disbursements and Cash
Student Organization and Other Agency Funds
For the Year Ended June 30, 2011

<u>FUND</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Spring Hill High School				
Music	\$ 2,822	\$ 1,542	\$ 1,166	\$ 3,198
Stuco	6,592	10,311	9,389	7,514
Stampede newsletter	-	886	554	332
Band	-	467	467	-
SADD	1,344	1,268	872	1,740
Sp prom	2,658	20	-	2,678
Scholastic competition	1,603	1,311	871	2,043
Student activity	72	-	-	72
Volunteer	160	755	245	670
National Honor Society	584	143	452	275
Debate/forensics	1,422	1,513	461	2,474
Drama	2,127	984	450	2,661
Musical-drama	1,194	10,151	7,975	3,370
Strings	554	21,240	20,267	1,527
Seniors	607	1,277	561	1,323
Juniors	1,781	8,581	8,101	2,261
Sophomores	1,787	2,797	71	4,513
Freshman	2,494	1,143	2,349	1,288
Teachers fund	1,666	2,575	3,279	962
Library	674	2,826	2,764	736
School Development	-	370	-	370
Misc/St. activities	3,007	5,067	6,553	1,521
Youth services	483	3	302	184
Uniform/Equipment	-	17,560	17,560	-
SPED - Bronco Biscuits	330	1,690	897	1,123
Art	216	-	39	177
FHA	201	421	160	462
Industrial Art	581	-	-	581
Foreign language	75	1	-	76
Business club	288	1	-	289
Science club	511	107	-	618
Spring Hill FFA	1,477	11,633	13,005	105
FFA Horticulture	5,126	2,828	1,769	6,185
Job club	265	-	-	265
Spirit club	8,881	8,932	10,628	7,185
Cheerleaders	1,976	6,636	7,673	939
Drill team	536	7,586	8,072	50
Total Spring Hill High School Activity Funds	<u>54,094</u>	<u>132,625</u>	<u>126,952</u>	<u>59,767</u>
Total Agency Funds	<u>\$ 126,495</u>	<u>\$ 218,658</u>	<u>\$ 212,383</u>	<u>\$ 132,770</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Statement of Cash Receipts, Expenditures and Unencumbered Cash
District Activities - Gate Receipts and School Project Funds
For the Year Ended June 30, 2011

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<u>Gate Receipts:</u>							
Spring Hill Middle School	\$ 23,266	\$ -	\$ 17,036	\$ 17,657	\$ 22,645	\$ -	\$ 22,645
Spring Hill High School	37,345	-	129,348	119,741	46,952	-	46,952
Total Gate Receipts	60,611	-	146,384	137,398	69,597	-	69,597
<u>School Projects:</u>							
Spring Hill Elementary School							
Yearbook	1,980	-	253	282	1,951	-	1,951
Total Spring Hill Elementary School	1,980	-	253	282	1,951	-	1,951
Spring Hill Intermediate School							
Yearbook	2,391	-	138	-	2,529	-	2,529
Total Spring Hill Intermediate School	2,391	-	138	-	2,529	-	2,529
Spring Hill Middle School							
Yearbook	251	-	5,781	5,502	530	-	530
Concessions	20,365	-	10,692	14,273	16,784	-	16,784
Total Spring Hill Middle School	20,616	-	16,473	19,775	17,314	-	17,314
Spring Hill High School							
Yearbook	9,080	-	9,616	15,752	2,944	-	2,944
Concessions	3,209	-	37,813	36,800	4,222	-	4,222
Total Spring Hill High School	12,289	-	47,429	52,552	7,166	-	7,166
Total School Projects	37,276	-	64,293	72,609	28,960	-	28,960
Total District Activity Funds	\$ 97,887	\$ -	\$ 210,677	\$ 210,007	\$ 98,557	\$ -	\$ 98,557

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 230 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements present the District (the primary government). The District's only component unit, the Recreation Commission, has not been presented.

The District's Recreation Commission oversees recreational activities. The Recreation Commission operates as a separate governing body but the District levies taxes for the Recreation Commission and the Recreation Commission has only the powers granted by statute K.S.A. 12-1928. Two of the five members of the Recreation Commission's governing body are appointed by the District, two other members are appointed by the City and the final member is appointed by the other four previously appointed members. The separately audited financial statements of the Recreation Commission are available upon request at the Recreation Commission office.

Basis of Accounting

These financial statements are presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

The District has a GAAP waiver, which allows it to use this prescribed basis of accounting. When a local government adopts a Kansas GAAP waiver, K.S.A. 75-1120a specifically requires that the government must prepare its "financial statements and financial reports...on the basis of cash receipts and disbursements as adjusted to show compliance with the cash-basis and budget laws of this state." K.S.A.s 72-6417 and 72-6434 require that any general fund or supplemental general fund state aid payment that is due to be paid in June but is paid after that "shall be recorded and accounted for by the school districts as a receipt for the school year ending on the preceding June 30."

To attempt to reconcile this statutory conflict, the prescribed basis of accounting requires that state aid payments due in June but received in July be recorded in July of the following year in the financial statements. Compliance with K.S.A.s 72-6417 and 72-6434 is required to be presented in the notes to the financial statements. The District has chosen to present its state aid payments due in June but received in July in the financial statements for the year ended June 30, 2011 rather than in July of the following fiscal year which is not in compliance with the Kansas prescribed basis of accounting. These payments were \$1,039,522 in the General Fund and \$141,178 in the Supplemental General Fund.

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts (except as noted), cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented.

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the fund financial statements. Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase, as required by state statutes.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2011:

Governmental Funds

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Fund - to account for the accumulation of resources for and the payment of interest, principal and related costs on long term debt.

Fiduciary Funds

Agency Funds - to account for assets held by the District in a trustee capacity or as an agent for individuals, other governmental units, private organizations, and/or other funds.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, special revenue funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget for the year ended June 30, 2011 was not amended.

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds and the following special revenue funds: Textbook Rental, Contingency Reserve and District Activity.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Ad Valorem Tax Revenues

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied as of November 1 and become a lien on the property as of that date. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the District, is on or before January 20 of the ensuing year. Additional amounts are distributed on four (4) subsequent dates throughout the calendar year.

NOTE 2 – Reimbursed Expenses

Expenditures in the amount of \$246,061 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. The related disbursement was made in the current year on behalf of the payee,
2. The item paid for was directly identifiable as having been used by or provided to the payee, and
3. The amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 3 - Deposits

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Kansas Municipal Investment Pool	\$ 27,995	S&P AAAf/S1+

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the Government is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2011.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At June 30, 2011, the District had invested \$27,995 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 4 - Long-Term Debt

Following is a detailed listing of the District's long-term debt:

General Obligation Bonds	Date Issued	Original Amount	Interest Rates	Final Maturity Date
2004 Improvement Series	3/1/04	\$ 26,000,000	2.75 - 4.75%	9/1/24
2005 Improvement Series	7/28/05	22,600,000	3.50 - 5.00%	9/1/24
2007 Refunding Series	3/15/07	6,115,000	3.625 - 4.00%	9/1/23
2008 Refunding Series	9/1/2008	5,745,000	3.25 - 3.75%	9/1/13

Following is a summary of changes in long-term debt for the year ended June 30, 2011:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>
G.O. Bonds To Be Paid With:				
Tax Levies				
2004 Series	\$ 20,065,000	\$ -	\$ 300,000	\$ 19,765,000
2005 Series	22,600,000	-	50,000	22,550,000
2007 Refunding Bonds	6,040,000	-	30,000	6,010,000
2008 Refunding Bonds	4,660,000	-	1,130,000	3,530,000
Total	<u>\$ 53,365,000</u>	<u>\$ -</u>	<u>\$ 1,510,000</u>	<u>\$ 51,855,000</u>

Annual debt service requirements to maturity for the above long-term debt:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,740,000	\$ 2,116,603	\$ 3,856,603
2013	1,895,000	2,055,195	3,950,195
2014	2,105,000	1,986,031	4,091,031
2015	2,435,000	1,905,039	4,340,039
2016	2,620,000	1,799,194	4,419,194
2017-21	18,920,000	6,792,675	25,712,675
2022-25	<u>22,140,000</u>	<u>1,923,900</u>	<u>24,063,900</u>
Total	<u>\$ 51,855,000</u>	<u>\$ 18,578,636</u>	<u>\$ 70,433,636</u>

At June 30, 2011, the remaining principal balance of outstanding debt issues previously defeased is \$5,735,000. The principal and interest payments for these bonds will be paid by the trustee for the related escrow securities on the scheduled payment dates. This amount is not recorded in these financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 4 - Long-Term Debt (Continued)

The District entered into a sixty (60) month lease agreement for its copiers in August of 2008. The agreement calls for monthly payments of \$2,362. Operating lease payments for the year ended June 30, 2011 were \$28,346. Lease payments for the remaining term of the lease are as follows:

:

Year Ended <u>June 30,</u>	Operating Lease <u>Payments</u>
2012	\$ 28,346
2013	28,346
2014	<u>2,362</u>
Total	<u>\$ 59,054</u>

The District issued Series 2011A general obligation project improvement bonds, in the amount of \$39,000,000, on July 7, 2011 with interest rates ranging from 4.00 to 5.50% with a final maturity of September 1, 2031. The District also issued Series 2011B general obligation refunding bonds, in the amount of \$15,130,000, on July 7, 2011 with interest rates ranging from 2.00 to 4.00% with a final maturity of September 1, 2021.

NOTE 5 - Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
General	At Risk (4 Year Old)	K.S.A. 72-6428	\$ 40,000
General	At Risk (K-12)	K.S.A. 72-6428	800,000
General	Special Education	K.S.A. 72-6428	1,612,459
General	Virtual Education	K.S.A. 72-6428	4,668,101
General	Bilingual Education	K.S.A. 72-6428	20,000
General	Contingency Reserve	K.S.A. 72-6428	150,000
Supplemental General	Special Education	K.S.A. 72-6433	943,881
Supplemental General	Food Service	K.S.A. 72-6433	30,000
Supplemental General	Vocational Education	K.S.A. 72-6433	384,468
Supplemental General	Professional Development	K.S.A. 72-6433	40,000
Supplemental General	Parent Education	K.S.A. 72-6433	26,300
Supplemental General	At Risk (K-12)	K.S.A. 72-6433	90,000
Supplemental General	Bilingual Education	K.S.A. 72-6433	10,000

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 6 - Defined Benefit Pension Plan

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901 *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Avenue, Topeka, Kansas 66603).

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at up to 6% of covered salary. Member-employees contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 8.17% of covered payroll. These contribution requirements are established by KPERS and periodically revised. Kansas contributions to KPERS for the District employees for the years ending June 30, 2011, 2010, and 2009 were \$890,039, \$1,006,558, and \$950,854, respectively, equal to the required contributions for each year.

NOTE 7 – Sick Leave Buyback

Under terms of the District's personnel policy, the District can buy back unused sick leave from employees at a rate of pay that varies depending on whether the employee is classified or certified and their length of service with the District. For the year ended June 30, 2011, the District purchased \$14,058 in sick leave from District employees.

NOTE 8 - Compensated Absences

Classified employees' vacation days can be carried over to the twelve months following the end of the year in which they were earned. The amount of unused vacation for classified employees as of June 30, 2011 is \$78,686.

NOTE 9 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - Commitments and Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District as of June 30, 2011.

The District's general obligation bond issues are subject to the arbitrage provisions of Section 148 of the Internal Revenue Code. These provisions include the potential for rebates to the Federal Government of the earnings on the bond proceeds in excess of the yield on the bonds. The amounts of any future rebates due on other bonds or temporary notes have not been determined.

UNIFIED SCHOOL DISTRICT NO. 230
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
<u>U.S. Department of Education</u>					
Passed Through State Department of Education:					
Title I Grants to Local Educational Agencies	84.010	\$ -	\$ 118,574	\$ 118,574	\$ -
Charter Schools	84.282	-	30,000	30,000	-
Special Education Grants to States	84.027	-	469,318	469,318	-
Vocational Education Basic Grants to States	84.048	-	14,974	14,974	-
Special Education - Preschool Grants	84.173	-	13,231	13,231	-
School Preparedness	84.302	1,250	-	-	1,250
Education Technology State Grant	84.318	-	401	401	-
Improving Teacher Quality State Grants	84.367	-	41,243	41,243	-
ARRA Title II - Tech Lit	84.386	-	2,236	2,236	-
ARRA Title I Grants	84.389	-	64,443	64,443	-
ARRA Special Education Part B	84.391	-	279,420	279,420	-
ARRA Special Education Part B Preschool	84.392	-	10,612	10,612	-
ARRA Stabilization	84.394	-	270,225	270,225	-
Education Jobs Fund	84.410	-	473,164	473,164	-
Total U.S. Department of Education			<u>1,787,841</u>	<u>1,787,841</u>	
<u>Corporation for National and Community Service</u>					
Passed Through State Department of Education:					
Learn & Serve	94.004	-	11,000	11,000	-
Total U.S. Department of Health and Human Services			<u>11,000</u>	<u>11,000</u>	
<u>U.S. Department of Agriculture</u>					
Passed Through State Department of Education:					
School Breakfast Program	10.553	-	66,423	66,423	-
National School Lunch Program	10.555	-	287,813	287,813	-
Special Milk	10.556	-	1,639	1,639	-
Team Nutrition Training	10.574	-	580	580	-
Total U.S. Department of Agriculture			<u>356,455</u>	<u>356,455</u>	
Total Expenditures of Federal Awards			<u>\$ 2,155,296</u>	<u>\$ 2,155,296</u>	

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of Unified School District No. 230. All expenditures of federal financial assistance received directly from federal agencies, if any as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the Kansas statutory basis of accounting which includes cash disbursements, accounts payable and encumbrances.

UNIFIED SCHOOL DISTRICT NO. 230
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Qualified - Statutory Basis
Adverse - GAAP

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified that are not
considered to be material weaknesses?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified that are not
considered to be material weaknesses?

_____ Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with section 510(a)
of Circular A-133?

_____ Yes X No

Identification of major programs:

CFDA Number(s)

84.027, 84.173, 84.391, 84.392
84.410

Name of Federal Program or Cluster

Special Education Cluster
Education Jobs Fund

Dollar threshold used to distinguish between
type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

_____ Yes X No

UNIFIED SCHOOL DISTRICT NO. 230
Schedule of Findings and Questioned Costs - Continued
For The Year Ended June 30, 2011

Section II - Financial Statement Findings

Current Year Findings

None noted

Prior Year Findings

None noted

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

<u>Program</u>	<u>Finding</u>	<u>Conditions</u>	<u>Criteria</u>	<u>Questioned Costs</u>	<u>Recommendation</u>	<u>Management Response</u>
Special Education Grants to States	2011-1	No semi annual certifications for Special Education Grants to States teachers or paras charged 100% to grant.	OMB Circular 87 Attachment B	A- Not determined	Adopt policy requiring compliance with the federal time keeping rules.	Agrees

Prior Year Findings

<u>Program</u>	<u>Finding</u>	<u>Conditions</u>	<u>Criteria</u>	<u>Questioned Costs</u>	<u>Recommendation</u>	<u>Status</u>
Special Education Grants to States	2010-1	No semi annual certifications for Special Education Grants to States teachers or paras charged 100% to grant.	OMB Circular 87 Attachment B	A- Not determined	Adopt policy requiring compliance with the federal time keeping rules.	Repeated at 2011-1

LOWENTHAL, WEBB & ODERMANN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
Website: www.lswwcpa.com

David A. Lowenthal, CPA
Patricia L. Webb, CPA
Audrey M. Odermann, CPA

Abram M. Chrislip, CPA
Caroline H. Eddinger, CPA
Grant A. Huddin, CPA
Brian W. Nyp, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Unified School District No. 230
Spring Hill, Kansas

We have audited the financial statements of the Unified School District No. 230 (the District), Spring Hill, Kansas, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 30, 2011, which is a special report on the financial statements prepared in accordance with a basis of accounting prescribed by the State of Kansas. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards."

However we noted certain other matters that we reported to management of Unified School District No. 230, Spring Hill, Kansas, in a separate letter dated December 30, 2011.

This communication is intended solely for the information and use of the Board of Education, administration, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

Lowenthal, Wett & Odenmann, P.A.

December 30, 2011

LOWENTHAL, WEBB & ODERMANN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
Website: www.lswwcpa.com

David A. Lowenthal, CPA
Patricia L. Webb, CPA
Audrey M. Odermann, CPA

Abram M. Chrislip, CPA
Caroline H. Eddinger, CPA
Grant A. Huddin, CPA
Brian W. Nyp, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Unified School District No. 230
Spring Hill, Kansas

Compliance

We have audited the compliance of the Unified School District No. 230 (the District), Spring Hill, Kansas, with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2011. Major federal financial programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding 2011-1.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Board of Education, administration, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

Lowenthal, W & Odummann, P.A.

December 30, 2011

LOWENTHAL, WEBB & ODERMANN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
Website: www.lswwcpa.com

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AUDITOR'S COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

Board of Education
Unified School District No. 230
Spring Hill, Kansas

We have audited the financial statements of the Unified School District No. 230 for the year ended June 30, 2011, and have issued our report thereon dated December 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated, February 15, 2011, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and to express an opinion about whether the financial statements are fairly presented, in all material respects, in accordance with the cash basis and budget laws of the State of Kansas. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will communicate our significant findings at the conclusion of the audit.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on October 12, 2011.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed for the year ended June 30, 2011. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 30, 2011.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of the accounting principles and auditing standards, with management each year prior to retention as the Unified School District No. 230's auditors. However, this discussion occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

This information is intended solely for the information and use of the Board of Education and management of Unified School District No. 230, and is not intended to be and should not be used by anyone other than these specified parties.

Lowenthal, Wett & Odenmann, P.A.

December 30, 2011